

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2963-01
BILL NO.: HB 1196
SUBJECT: General Assembly: Tax and Revenue-General; Tobacco Products
TYPE: Original
DATE: January 31, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation allows local governments to apply their own taxes on tobacco products. DOR staff state this proposal would not fiscally impact their agency and that the fiscal impact would only be at the local level.

Officials of the **Department of Health (DOH)** state this proposal would not fiscally impact their agency.

Oversight assumes, for purposes of this fiscal note, that any political subdivision whose voters approved the increase of tax on tobacco products would receive income from that tax. The number of political subdivisions that would increase the tax on tobacco products and the rate at which the tax would be imposed is unknown. **Oversight** assumes annual costs would not exceed annual income resulting in either a net zero or positive fund balance. Fiscal impact will be shown as zero.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

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Under current law, only the General Assembly may increase the taxes on cigarettes and tobacco products through both state and local taxes. This bill repeals this preemption and allows local governments to increase local taxes on cigarettes and tobacco products above their September 30, 1993, levels.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Health

A handwritten signature in black ink, appearing to read "Jeanne Jarrett", with a stylized, cursive script.

Jeanne Jarrett, CPA
Director
January 31, 2000